

CITY OF CLIVE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

June 30, 2014

CITY OF CLIVE

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CITY OF CLIVE

CITY OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------------|--------------------------|-----------------------------|
| Scott Cirksena. | Mayor..... | Dec 2017 |
| John Edwards..... | Council Member..... | Dec 2015 |
| Steven Brody. | Council Member..... | (Resigned 10-17-13) |
| Eric Klein..... | Council Member..... | Dec 2017 |
| Ted Weaver. | Council Member..... | Dec 2015 |
| Michael McCoy..... | Council Member..... | Dec 2017 |
| Susan Judkins..... | Council Member..... | (Started 11-7-13)Dec 2015 |
| Dennis Henderson. | Manager. | Indefinite |
| Pamela Blessman..... | Clerk/Treasurer. | Retired Sept 30, 2013 |
| Joyce Cortum..... | Clerk/Treasurer. | (Started 10-1-13)Indefinite |
| James Wine. | Attorney. | Indefinite |
| Kristina Stanger..... | Assistant Attorney. | Indefinite |
| Christian Walk..... | Prosecutor..... | Indefinite |

City of Clive



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

The financial statements referred to above include only the primary government of the City of Clive, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the financial statements do not purport to and do not present fairly, respective cash basis financial position for the year ended as of June 30, 2014, and respective changes in cash basis financial position of the City of Clive, in conformity with the basis of accounting described in Note 1.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Clive's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 8 through 13 and 40 through 42 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2014 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Clive's internal control over financial reporting and compliance.

Martens + Company, CPA, LLP

West Des Moines, Iowa
October 14, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Clive provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's governmental activities' receipts increased 10%, or approximately \$2,407,000, from fiscal year 2013 (FY13). Property tax decreased approximately \$122,000 and bond proceeds increased approximately \$1,991,000.
- Overall, disbursements of the City's governmental activities remained about the same as FY13. Public Safety payments disbursements increased approximately \$1,557,000.
- The City's total cash basis net position at June 30, 2014 decreased 21%, or approximately \$7,656,000, from June 30, 2013. Of this amount, the assets of the governmental activities decreased approximately \$8,509,000 and the assets of the business type activities increased by approximately \$853,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary information provides detail in information about the nonmajor governmental and proprietary funds, a schedule of various capital projects and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$29.50 million to \$20.99 million. The analysis that follows focuses on the changes in cash balances.

| Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands) | | |
|---|---------------------|----------|
| | Year ended June 30, | |
| | 2014 | 2013 |
| Receipts: | | |
| Program receipts: | | |
| Charges for service | \$ 3,536 | \$ 3,310 |
| Operating grants, contributions and restricted interest | 1,751 | 1,644 |
| Capital grants, contributions and restricted interest | 1,223 | 1,392 |
| General receipts: | | |
| Property tax | 15,317 | 15,439 |
| Other City taxes | 973 | 981 |
| Utility franchise fees | 1,292 | 1,157 |
| Unrestricted investment earnings | 19 | 49 |
| Bond proceeds | 1,991 | - |
| Other general receipts | 422 | 145 |
| Total receipts | 26,524 | 24,117 |
| Disbursements: | | |
| Public safety | 7,680 | 6,123 |
| Public works | 2,924 | 2,691 |
| Health and social services | 13 | 9 |
| Culture and recreation | 3,441 | 3,245 |
| Community and economic development | 2,168 | 2,782 |
| General government | 2,439 | 2,258 |
| Debt service | 6,533 | 6,600 |
| Debt service on refunded bonds | 7,783 | 9,071 |
| Capital projects | 4,997 | 5,186 |
| Total disbursements | 37,978 | 37,965 |
| Change in cash basis net position before transfers | (11,454) | (13,848) |
| Transfers, net | 2,945 | 2,729 |
| Change in cash basis net position | (8,509) | (11,119) |
| Cash basis net position beginning of year | 29,496 | 40,615 |
| Cash basis net position end of year | \$20,987 | \$29,496 |

The City's total receipts for governmental activities increased by approximately 10 percent or \$2,407,000. The total cost of all programs and services remained about the same with no new programs added this year. The increase in receipts was primarily due to an increase in general obligation bonds issued (\$1,991,000).

The City's property tax rates remained about the same for fiscal year 2014. Property tax collections from increased valuations increased the City's property tax receipts by approximately \$122,000 in fiscal year 2014. Based on increases in the total assessed valuation, property tax receipts are budgeted to decrease \$42,600 next year.

The cost of all governmental activities, before the payment on refunded bonds, this year was \$30.19 million compared to \$28.89 million last year. However, as shown in the Statement of Activities and Net Position on pages 16 and 17, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$23.68 million because some of the cost was paid by those directly benefited from the programs (\$3,536,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2,974,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2014 from approximately \$6,345,000 to approximately \$6,510,000, principally due to an increase in building permits.

| Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands) | | |
|--|---------------------|----------------|
| | Year ended June 30, | |
| | 2014 | 2013 |
| Receipts: | | |
| Program receipts: | | |
| Charges for service: | | |
| Water | \$5,120 | \$5,548 |
| Sewer | 2,294 | 2,373 |
| Other | 794 | 758 |
| General receipts: | | |
| Other general receipts | 213 | 300 |
| Total receipts | 8,421 | 8,979 |
| Disbursements: | | |
| Water | 2,068 | 2,241 |
| Sewer | 2,193 | 2,000 |
| Other | 363 | 354 |
| Total disbursements | 4,624 | 4,595 |
| Change in cash basis net position, before transfers | 3,797 | 4,384 |
| Transfers, net | (2,945) | (2,729) |
| Change in cash basis net position | 852 | 1,655 |
| Cash basis net position beginning of year | 7,016 | 5,361 |
| Cash basis net position end of year | <u>\$7,868</u> | <u>\$7,016</u> |

Total business type activities receipts for the fiscal year were approximately \$8.421 million compared to approximately \$8.979 million last year. This decrease was due primarily to decreased fees collected for services. The cash balance increased by approximately \$852,000 from the prior year. Total disbursements for the fiscal year increased by approximately 0.6 percent to a total of approximately \$4.624 million partly because of increased payments to the Des Moines Wastewater Reclamation Authority.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Clive completed the year, its governmental funds reported a combined fund balance of approximately \$20,083,000, a decrease of approximately \$8,486,000 below last year's total of approximately \$28,571,000. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,783,173, an increase of \$426,005 from the prior year. Most of this increase was due to increased receipts including increased building permits of approximately \$162,000.

- The Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's TIF districts. At the end of the fiscal year, the cash balance was \$671,522, a decrease of \$963,226 from the previous year. The decrease was the result of an increase in debt service payments for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance decreased by \$3,633,589 to \$4,189,856. This decrease was due to the early retirement of a bond issue from the crossover refunding that was called on June 1, 2014. \$4,000,101 in advance funds are held in escrow until additional bonds can be called on June 1, 2017.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the cash balance was \$9,739,615, a decrease of \$4,597,700 from the prior year. Transfer of funds to an escrow account for the early retirement of debt was the primary reason for the decrease.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The cash balance of the Enterprise, Sewer Fund decreased by \$77,959 to \$2,434,672 due primarily to decreased receipts from sewer charges.

The cash balance of the Enterprise, Water Fund increased by \$1,218,484 to \$4,327,478 due primarily to decreased operating costs.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on May 15, 2014 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$1,816,213 more than budgeted. This was primarily due to the City receiving more in charges for services than anticipated and some miscellaneous receipts were not included in budget estimates, even after the amendments.

Even with the budget amendments, total disbursements were \$3,749,012 less than the amended budget. The actual disbursements for the public safety, capital projects and general government were \$244,820, \$2,761,728 and \$196,035, respectively, less than the amended budget. This was primarily due to capital projects not progressing as originally budgeted.

DEBT ADMINISTRATION

At year-end, the City had \$38,665,000 in bonds and other long-term debt compared to \$49,498,254 last year as shown below.

| Outstanding Debt at Year-End (Expressed in Thousands) | | |
|--|-----------------|-----------------|
| | June 30, | |
| | 2014 | 2013 |
| General obligation bonds | \$38,665 | \$49,485 |
| Capital lease | - | 13 |
| Total | <u>\$38,665</u> | <u>\$49,498</u> |

Debt decreased as a result of advance payment of bond issues.

The City's general obligation bond rating went through a rating review by a national rating agency and on April 22, 2014 the City's rating continued to carry an Aa1 rating. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$38.67 million along with developer rebate agreements of approximately \$5.5 million are well below the City's \$96.5 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 4 and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2014 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 2000 census is estimated at 12.90%. Unemployment in the greater Des Moines area stands at 4.3 percent. This compares with the state unemployment rate of 4.4 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for June 2014 was 238.343. For the 12 month period that ended in June 2014, the CPI-U increased 2.1 percent.

These indicators were taken into account when adopting the budget for 2015. Total receipts are expected to decrease 3.65 percent. Budgeted disbursements are expected to decrease by approximately \$9,935,000.

If these estimates are realized, the City's total budgeted cash balance is expected to decrease about \$910 thousand by the close of fiscal year 2015.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Cortum, City Clerk, Clive, Iowa 50325.

City of Clive

Basic Financial Statements

CITY OF CLIVE

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2014

| | Disbursements | Program Receipts | | |
|------------------------------------|---------------------|------------------------|---|---|
| | | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| Functions/Programs: | | | | |
| Governmental activities: | | | | |
| Public safety | \$ 7,679,695 | \$1,305,046 | \$ 8,196 | \$ - |
| Public works | 2,923,689 | 740,021 | 1,542,441 | - |
| Health and social services | 12,651 | - | - | - |
| Culture and recreation | 3,441,293 | 718,250 | 109,652 | - |
| Community and economic development | 2,168,255 | 662,402 | 3,763 | - |
| General government | 2,439,142 | 110,188 | 57,919 | - |
| Debt service | 6,532,672 | - | 29,123 | - |
| Capital projects | 4,996,927 | - | - | 1,222,632 |
| Total governmental activities | <u>30,194,324</u> | <u>3,535,907</u> | <u>1,751,094</u> | <u>1,222,632</u> |
| Business type activities: | | | | |
| Water | 2,068,617 | 5,120,038 | - | - |
| Sewer | 2,192,811 | 2,293,576 | - | - |
| Other | 363,062 | 794,529 | - | - |
| Total business type activities | <u>4,624,490</u> | <u>8,208,143</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$34,818,814</u> | <u>\$11,744,050</u> | <u>\$1,751,094</u> | <u>\$1,222,632</u> |

General receipts and transfers:

Property and other city tax levied for:

- General purposes
- Debt service

Tax increment financing

Hotel/motel tax

Utility franchise fees

Unrestricted interest on investments

Bond proceeds (including premiums)

Payment of refunded bonds

Miscellaneous

Sale of capital assets

Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

Expendable:

Streets

Urban renewal purposes

Debt service

Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements.

| Net (Disbursements) Receipts and Changes in Cash Basis Net Position | | |
|--|-----------------------------|----------------|
| Governmental Activities | Business Type Activities | Total |
| \$ (6,366,453) | \$ - | \$ (6,366,453) |
| (641,227) | - | (641,227) |
| (12,651) | - | (12,651) |
| (2,613,391) | - | (2,613,391) |
| (1,502,090) | - | (1,502,090) |
| (2,271,035) | - | (2,271,035) |
| (6,503,549) | - | (6,503,549) |
| (3,774,295) | - | (3,774,295) |
| (23,684,691) | - | (23,684,691) |
| - | 3,051,421 | 3,051,421 |
| - | 100,765 | 100,765 |
| - | 431,467 | 431,467 |
| - | 3,583,653 | 3,583,653 |
| (23,684,691) | 3,583,653 | (20,101,038) |
| 9,871,768 | - | 9,871,768 |
| 1,897,708 | - | 1,897,708 |
| 3,547,494 | - | 3,547,494 |
| 973,315 | - | 973,315 |
| 1,292,372 | - | 1,292,372 |
| 19,095 | - | 19,095 |
| 1,990,601 | - | 1,990,601 |
| (7,782,975) | - | (7,782,975) |
| 209,468 | 213,923 | 423,391 |
| 212,001 | - | 212,001 |
| 2,944,626 | (2,944,626) | - |
| 15,175,473 | (2,730,703) | 12,444,770 |
| (8,509,218) | 852,950 | (7,656,268) |
| 29,496,345 | 7,015,521 | 36,511,866 |
| \$ 20,987,127 | \$ 7,868,471 | \$ 28,855,598 |
| \$ 3,294,810 | \$ - | \$ 3,294,810 |
| 671,522 | - | 671,522 |
| 4,189,856 | - | 4,189,856 |
| 9,814,935 | 287,606 | 10,102,541 |
| 3,016,004 | 7,580,865 | 10,596,869 |
| \$ 20,987,127 | \$ 7,868,471 | \$ 28,855,598 |

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2014

| | General | Special Revenue Urban Renewal Tax Increment | Debt Service |
|---|---------------------|---|---------------------|
| Receipts: | | | |
| Property tax | \$8,320,002 | \$ - | \$ 1,897,708 |
| Tax increment financing | - | 3,547,495 | - |
| Other City tax | 2,265,687 | - | - |
| Licenses and permits | 669,790 | - | - |
| Use of money and property | 72,184 | - | 29,123 |
| Intergovernmental | 105,693 | - | - |
| Charges for service | 2,806,882 | - | - |
| Special assessments | - | - | - |
| Miscellaneous | 240,647 | - | - |
| Total receipts | <u>14,480,885</u> | <u>3,547,495</u> | <u>1,926,831</u> |
| Disbursements: | | | |
| Operating: | | | |
| Public safety | 5,870,990 | - | - |
| Public works | 1,354,016 | - | - |
| Health and social services | 12,651 | - | - |
| Culture and recreation | 3,136,285 | - | - |
| Community and economic development | 665,010 | 1,413,847 | - |
| General government | 1,787,604 | - | - |
| Debt service | - | 2,884,208 | 3,648,464 |
| Capital projects | - | - | - |
| Total disbursements | <u>12,826,556</u> | <u>4,298,055</u> | <u>3,648,464</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>1,654,329</u> | <u>(750,560)</u> | <u>(1,721,633)</u> |
| Other financing sources (uses): | | | |
| Bond proceeds | - | - | 39,500 |
| Bond premiums | - | - | 20,601 |
| Payments of refunding bonds | - | - | (7,782,975) |
| Sale of capital assets | 40,974 | - | - |
| Operating transfers in | 235,560 | 13,162 | 5,880,918 |
| Operating transfers out | (1,504,858) | (225,828) | (70,000) |
| Total other financing sources (uses) | <u>(1,228,324)</u> | <u>(212,666)</u> | <u>(1,911,956)</u> |
| Change in cash balances | 426,005 | (963,226) | (3,633,589) |
| Cash balances beginning of year | <u>3,357,168</u> | <u>1,634,748</u> | <u>7,823,445</u> |
| Cash balances end of year | <u>\$ 3,783,173</u> | <u>\$ 671,522</u> | <u>\$ 4,189,856</u> |
| Cash Basis Fund Balances | | | |
| Restricted for: | | | |
| Debt service | \$ - | \$ - | \$ 4,189,856 |
| Urban renewal purposes | - | 671,522 | - |
| Streets | - | - | - |
| Other purposes | - | - | - |
| Assigned for Public Arts Maintenance | 9,750 | - | - |
| Unassigned | <u>3,773,423</u> | <u>-</u> | <u>-</u> |
| Total cash basis fund balances | <u>\$ 3,783,173</u> | <u>\$ 671,522</u> | <u>\$ 4,189,856</u> |

See notes to financial statements.

| Capital Projects | Other Nonmajor Governmental Funds | Total |
|---------------------|---|---------------|
| \$ - | \$ 1,551,766 | \$ 11,769,476 |
| - | - | 3,547,495 |
| - | - | 2,265,687 |
| - | - | 669,790 |
| 24,046 | - | 125,353 |
| 334,072 | 1,542,441 | 1,982,206 |
| - | - | 2,806,882 |
| 100,867 | - | 100,867 |
| 763,647 | 48,804 | 1,053,098 |
| 1,222,632 | 3,143,011 | 24,320,854 |
| - | 504,512 | 6,375,502 |
| - | 1,352,407 | 2,706,423 |
| - | - | 12,651 |
| - | 184,510 | 3,320,795 |
| - | 89,398 | 2,168,255 |
| - | 603,859 | 2,391,463 |
| - | - | 6,532,672 |
| 4,996,927 | - | 4,996,927 |
| 4,996,927 | 2,734,686 | 28,504,688 |
| (3,774,295) | 408,325 | (4,183,834) |
| 1,110,000 | - | 1,149,500 |
| - | - | 20,601 |
| - | - | (7,782,975) |
| - | - | 40,974 |
| 2,179,858 | 25,251 | 8,334,749 |
| (4,113,264) | (153,593) | (6,067,543) |
| (823,406) | (128,342) | (4,304,694) |
| (4,597,701) | 279,983 | (8,488,528) |
| 14,337,316 | 1,418,686 | 28,571,363 |
| \$ 9,739,615 | \$ 1,698,669 | \$ 20,082,835 |
| \$ - | \$ - | \$ 4,189,856 |
| - | - | 671,522 |
| 1,915,566 | 974,150 | 2,889,716 |
| 8,186,124 | 724,519 | 8,910,643 |
| - | - | 9,750 |
| (362,075) | - | 3,411,348 |
| \$ 9,739,615 | \$ 1,698,669 | \$ 20,082,835 |

CITY OF CLIVE

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position -
Governmental Funds

As of and for the year ended June 30, 2014

Total governmental funds cash balances (pages 18 - 19) \$ 20,082,835

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Cash Basis Statement of Net Position.

904,292

Cash basis net position of governmental activities (pages 16 -17) \$ 20,987,127

Change in cash balances (pages 18 - 19) \$ (8,488,528)

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net position of the Internal Service Fund is reported with governmental activities.

(20,690)

Change in cash basis net position of governmental activities (pages 16 - 17) \$ (8,509,218)

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2014

| | Enterprise | | | | Internal Service Equipment Replacement |
|---|-------------|-------------|-------------|-------------|---|
| | Water | Sewer | Nonmajor | Total | |
| Operating receipts: | | | | | |
| Charges for service | \$5,120,038 | \$2,293,576 | \$ 794,530 | \$8,208,144 | \$ - |
| Total operating receipts | 5,120,038 | 2,293,576 | 794,530 | 8,208,144 | - |
| Operating disbursements: | | | | | |
| Public safety | - | - | - | - | 1,304,194 |
| Public works | - | - | - | - | 217,267 |
| Culture and recreation | - | - | - | - | 120,497 |
| General government | - | - | - | - | 47,680 |
| Business type activities | 2,068,617 | 2,192,811 | 363,062 | 4,624,490 | - |
| Total operating disbursements | 2,068,617 | 2,192,811 | 363,062 | 4,624,490 | 1,689,638 |
| Excess (deficiency) of operating receipts (under) over operating disbursements | 3,051,421 | 100,765 | 431,468 | 3,583,654 | (1,689,638) |
| Non-operating receipts: | | | | | |
| Bond proceeds | - | - | - | - | 820,500 |
| Sale of capital asset | - | - | - | - | 171,027 |
| Miscellaneous | 134,919 | 78,618 | 385 | 213,922 | - |
| Total non-operating receipts | 134,919 | 78,618 | 385 | 213,922 | 991,527 |
| Excess (deficiency) of receipts over (under) disbursements | 3,186,340 | 179,383 | 431,853 | 3,797,576 | (698,111) |
| Transfers | | | | | |
| Transfers in | - | 70,000 | - | 70,000 | 677,420 |
| Transfers out | (1,967,856) | (327,342) | (719,428) | (3,014,626) | - |
| Net transfers | (1,967,856) | (257,342) | (719,428) | (2,944,626) | 677,420 |
| Change in cash balances | 1,218,484 | (77,959) | (287,575) | 852,950 | (20,691) |
| Cash balances beginning of year | 3,108,994 | 2,512,631 | 1,393,895 | 7,015,520 | 924,983 |
| Cash balances end of year | \$4,327,478 | \$2,434,672 | \$1,106,320 | \$7,868,470 | \$ 904,292 |
| Cash Basis Fund Balances | | | | | |
| Restricted | \$ - | \$ - | \$ 287,606 | \$ 287,606 | \$ - |
| Unrestricted | 4,327,478 | 2,434,672 | 818,714 | 7,580,864 | 904,292 |
| Total cash basis fund balances | \$4,327,478 | \$2,434,672 | \$1,106,320 | \$7,868,470 | \$ 904,292 |

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Fiduciary Funds
Agency Funds

Year ended June 30, 2014

Health Reimbursement Account

Additions:

| | |
|------------------------|------------|
| Employer contributions | \$ 46,840 |
| Interest | <u>182</u> |
| | 47,022 |

| | |
|-------------|--------------|
| Deductions: | <u>9,599</u> |
|-------------|--------------|

| | |
|------------------------|--------|
| Change in cash balance | 37,423 |
|------------------------|--------|

| | |
|--------------------------------|---------------|
| Cash balance beginning of year | <u>46,849</u> |
|--------------------------------|---------------|

| | |
|--------------------------|-------------------------|
| Cash balance end of year | <u><u>\$ 84,272</u></u> |
|--------------------------|-------------------------|

See notes to financial statements.

CITY OF CLIVE

Notes to Financial Statements

June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Clive has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

Excluded Component Units

The Clive Firefighters Association and the Clive Police Benevolent Association are component units of the City of Clive. The associations, separate legal entities, exist for the purpose of attracting funds to benefit the Fire and Police Departments, which serve the Clive area, and to disburse those funds in a manner that will benefit the Fire and Police Departments. The associations meet the definition of component units since the entities raise funds on behalf of the City. The financial statements of the Clive Firefighters Association and the Clive Police Benevolent Association have not been audited and these component units have not been presented in the accompanying primary government audited financial statements.

Jointly Governed Organization

The City also participates in several jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the (Note 11) The Des Moines Metro Waste Authority, the Des Moines Area Regional Transit Authority, the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 5), the Metropolitan Planning Organization, the Convention Visitors Bureau, Bravo Greater Des Moines, Inc., Central Iowa Traffic Safety Task Force, Walnut Creek Watershed Management Authority and the E911 Service Board.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - Continued

Joint Ventures

The City participates in a joint venture that provides goods or services to the citizenry of the City and meets the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint venture: the Des Moines Metropolitan Wastewater Reclamation Authority (Note 4).

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net assets. Net position is reported in the following categories/components:

Expendable Restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds, respectively.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional funds:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis. This is composed of the Equipment Replacement Fund. This proprietary fund is reported with governmental activities in the government wide statements.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds consist of:

Agency Funds: Are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The City has the following agency funds:

Health Reimbursement Account: To account for contributions and funds for eligible City employees for future use as medical costs.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

F. Property Taxes

All City property taxes must be certified to the Polk or Dallas County Auditors on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. Property taxes are levied in June and attached as an enforceable lien on the property on July 1.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Property Taxes - Continued

Property taxes levied for the year ending June 30, 2014, attached as an enforceable lien on July 1, 2013, with the first half installment being delinquent after September 30, 2013 and the second half installment being delinquent after March 31, 2014.

(2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the City had \$5,589,659 in public funds money market accounts which are not covered by the state of Iowa insurance wrapper. The funds are a permissible investment according to Iowa state statutes and invests primarily in obligations of the U.S. Government and its agencies as well as high quality short term debt instruments of U.S. companies and financial institutions. The fund is rated AAAM by Standard and Poor's rating agency.

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$858,612 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit risk - The City's investment in the Iowa Public Agency Investment Trust is unrated.

(3) LONG TERM DEBT

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2014:

| | Balance June 30, 2013 | Issued | Redeemed | Balance June 30, 2014 |
|--------------------------|--------------------------|---------------------|---------------------|--------------------------|
| Governmental Activities | | | | |
| General obligation bonds | \$49,485,000 | \$ 1,970,000 | \$12,790,000 | \$38,665,000 |
| Capital lease | 13,254 | - | 13,254 | - |
| | <u>\$49,498,254</u> | <u>\$ 1,970,000</u> | <u>\$12,803,254</u> | <u>\$38,665,000</u> |

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(3) LONG TERM DEBT - CONTINUED

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending June 30, | General Obligation Bonds | |
|----------------------------|-----------------------------|--------------------|
| | Principal | Interest |
| 2015 | \$ 5,110,000 | \$1,026,983 |
| 2016 | 5,205,000 | 914,473 |
| 2017 | 9,360,000 | 792,508 |
| 2018 | 4,620,000 | 525,420 |
| 2019 | 4,070,000 | 408,901 |
| 2020-2024 | 9,055,000 | 776,885 |
| 2025-2028 | 1,245,000 | 75,561 |
| Total | <u>\$38,665,000</u> | <u>\$4,520,731</u> |

The City paid \$1,459,213 in interest on debt obligations for the year ended June 30, 2014. Total principal paid on debt for the year ended June 30, 2014 was \$12,803,254. Interest rates on debts range from 1.50% to 4.10%. Bonds to be called per crossover refunding, detailed below, are reported as maturing in the year they will be recalled in the above maturity schedule.

Capital Lease

The City entered into a 28E agreement with several other metro cities and the Metro Waste Authority for the lease purchase of a metropolitan salt storage facility. The agreements call for each city to pay its proportionate share (approximately 45% for the City of Clive) of said costs based on each city's allocated salt storage capacity. The cities cannot withdraw from the agreement before June 30, 2013. Withdrawal after June 30, 2013 causes the City to forfeit all rights, title, ownership and interest in the shared building. The City is to make payments of \$13,254.06 per year with a final payment due in fiscal year 2014. Balance owed at June 30, 2014 was \$-0-.

Crossover Refundings

On May 1, 2014, the City deposited \$4,000,102 of the unspent portion of the 2009B urban renewal bonds into a trust for a crossover refunding of \$4,105,000 of the essential corporate purpose 2008B bonds with interest rates ranging between 2.50% and 3.60%. The City used the funds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for future debt service on the refunded portion of these bonds at their callable dates. The bond issues will be recalled on June 1, 2017.

At June 30, 2014 the City had \$4,000,101 in the escrow account. The refunding reduced total debt service payments over the next 8 years by approximately \$467,100.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(3) LONG TERM DEBT - CONTINUED

Crossover Refundings - Continued

On May 15, 2012, the City issued \$7.76 million in general obligation refunding bonds with interest rates ranging between 2.00% and 2.375%. The City issued the bonds for a crossover refunding of \$6,560,000 of the essential corporate purpose 2005B bonds with interest rates ranging between 4.00% and 4.25%. The City used the net proceeds along with other resources to purchase U. S. government securities. These securities were deposited in an irrevocable trust to provide for future debt service on the refunded portion of these bonds at their callable dates. The 2005B bond issue was recalled on June 1, 2014. At June 30, 2014, the City had \$-0- in the escrow account. The refunding reduced total debt service payments by approximately \$401,300. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$372,900.

(4) JOINT VENTURES AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. A second amendment to the agreement was approved by the City on May 16, 2014. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

The City of Clive retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B, 2006 and the 2008 and 2009 State Revolving Loan Funds include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Sewer Revenue Bonds Series 2004B and 2006 bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds and loans to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2014, the Series 2004B/2013 bonds had a balance of \$55,880,000 and the City of Clive's estimated future allocated based on the WRA flows is currently \$3,130,516, or 5.60%. As of June 30, 2014, the Series 2006 bonds had a balance of \$33,275,000 and the City of Clive's estimate future allocation based on the WRA Flows is currently \$1,958,898 or 5.89%. The State Revolving Loans

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(4) JOINT VENTURES AND COMMITMENTS - CONTINUED

are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2014 the State Revolving Loans had a balance of \$249,324.590 and the City of Clive's estimated future allocation based on the WRA flows is currently \$13,412,414 or 5.38%. The State Revolving Loans that existed prior to the 2004 agreement are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2014, the WRA had \$3,506,000 in outstanding pre 2004 State Revolving Loans, of which \$98,077 or 2.80% of future principal debt service is a commitment of the City of Clive.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2014 the City paid the WRA \$1,430,706 for operations, maintenance, equipment replacement and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

WRA Facility Cost Reimbursement Agreements

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plant and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2014, the City of Clive received reimbursement of \$78,407.

(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.

During the year ended June 30, 2014, the City paid a share of operating and administration costs. During the year ended June 30, 2014, these costs totaled \$625,108.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY - CONTINUED

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

(6) PENSION AND RETIREMENT SYSTEMS

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined nominal contribution rate, is 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$461,754 and \$398,951, and \$378,607, respectively, which met the required minimum contribution for each year.

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$538,718, \$518,604, and \$497,905, respectively, equal to the required contributions for each year.

DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all full time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to the plan nor investment advice for the plan.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(7) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, sick and other hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick time, comp time and fluctuating holiday termination payments payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

| <u>Type of Benefit</u> | <u>Amount</u> |
|------------------------|---------------|
| Vacation | \$252,466 |
| Sick | 104,842 |
| Other | 69,714 |

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 360 hours. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2014.

(8) DEVELOPMENT AGREEMENTS

The City has entered into various development agreements for urban renewal projects. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$1,413,847 were made during the year ended June 30, 2014 under these agreements. Estimated amounts to be paid in future years on development agreements totaled approximately \$5.5 million.

(9) CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$2,059,000. The unpaid contract balances as of June 30, 2014 totaled approximately \$666,500 which will be paid as work on the projects progresses.

(10) RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(10) RISK MANAGEMENT - CONTINUED

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2014 were \$204,867.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims, property loss or series of claims or losses exhausts the pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(10) RISK MANAGEMENT - CONTINUED

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS

(a) METRO WASTE AUTHORITY

The City, in conjunction with various other municipalities, has created the Metro Waste Authority. The Organization was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Organization will be prorated among the municipalities. The Organization is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2014, the City paid \$152,935 to the Metro Waste Authority.

(b) CONVENTION VISITORS BUREAU (CVB)

An agreement was entered into by the Cities of Clive, various other metro area cities, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2014, the City of Clive remitted \$278,089 to the CVB.

(c) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)

The City, in conjunction with three counties and various other metro cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$15,447 its portion of the services during the year ended June 30, 2014.

(d) WESTCOM

In August of 2000 the City entered into a joint operation of a centralized dispatch center (Westcom) with the cities of Urbandale and West Des Moines to share certain costs. Westcom was established as an undivided interest ownership arrangement, whereby titles to assets in Westcom are held individually by the City and the other two Des Moines suburbs. The City showed expenditures of \$461,465 and has an undivided interest in assets of the operation, net of depreciation, totaling \$1,000,046 as of June 30, 2014. Westcom does not issue separate financial statements. Their operations are included in the financial statements of the City of West Des Moines.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(11) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS - CONTINUED

(e) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds were originally to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. On September 22, 2005, this agreement was amended to decrease the annual payments and extend the period of payment through 2019. Payments totaling \$31,250 were paid during the year ended June 30, 2014.

(12) EMPLOYEE HEALTH INSURANCE PLAN

The City self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and City contributions and is administered by Employee Benefit Systems (EBS) under an agreement which is subject to automatic renewal. The City self-funds \$462 per individual or \$1,258 per family, with employees contributing the first \$50 to \$145, respectively. Administrative service fees and premiums are paid monthly from the City's operating funds to a separate account administered by EBS. During the year ended June 30, 2014, the City paid \$1,271,382 to the account. At June 30, 2014, the account balance was \$231,841. The activity in this account is recorded in the City's Special Revenue, Road Use Tax, Employee Benefit and Enterprise, Water, Sewer and Storm Water Funds.

(13) POST-EMPLOYMENT BENEFITS

All full-time employees who retire or become disabled are offered the following post-employment benefit options:

Health Insurance - For employees wishing to voluntarily retire prior to the age of 65 who are a minimum of 55 years of age at the time of retirement; have at least 20 years of service with the City; and wish to remain on the City employee health insurance plan, the City will assist the employee with the cost of single coverage health insurance until the retiree reaches the age eligible to receive Medicare, according to a schedule based upon length of continued regular full-time service to the City.

For months of service not totaling a full year, the percentage amount of single coverage paid by the City will be prorated by full month. The City will also provide \$10,000 in life insurance coverage until age eligible. Dental and vision coverage can be continued at the expense of the employee.

After the retiree reaches the Medicare eligible age, any dependent the retiree has covered under the City employee health plan may continue his/her coverage under the City's plan for three more years, or until the dependent reaches the Medicare eligible age, whichever occurs first. The retiree is responsible for expenses related to the policy.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(13) POST-EMPLOYMENT BENEFITS - CONTINUED

Life Insurance - The option of converting the employee's City-paid policy from term insurance to whole life insurance at the individual's expense with the City's life insurance carrier.

Long-term Disability - The option of converting the employee's City-paid group policy to a personal policy at the individual's expense with the City's long-term disability insurance carrier.

The above options, while at the individual's own expense, are included within the City's overall insurance package. Therefore, a portion of the above coverage is being subsidized by the City and its current employees, which results in an implicit subsidy and an OPEB liability, except for long-term liability.

There are 105 active and 11 retired/disabled members in the plan. Participants must be age 55 or older at retirement.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go-basis. The most recent active member monthly premiums for the City and plan members are as follows:

| | Deductible | | |
|-------------------------|------------|--------|---------|
| | \$ 0 | \$ 250 | \$2,500 |
| Employee - single | \$ 462 | \$ 425 | \$ 315 |
| Employee - spouse/child | 1,074 | 972 | 757 |
| Employee - family | 1,259 | 1,158 | 792 |

The same monthly premiums apply to retirees. For the year ended June 30, 2014, the City contributed \$1,278,883 to the plan.

The City has entered into an agreement with the City Manager which formally identifies the financial obligation of the City to them in the event of an involuntary employment termination. The severance agreement provides for a termination payment equal to six months wages plus six months of benefits. The compensation rate is based upon the compensation paid to the applicable employee at the time of termination.

Health Reimbursement Account - The City offered an early retirement plan one time in January of 2014. Four employees agreed to take the plan and retire from Clive service. As part of the early retirement plan, it was agreed that \$23,240 would be deposited in an HRA bank account with Bankers Trust for each retiree for their use for medical insurance premiums or expenses. The HRA account is managed contractually by Employee Benefit Services, Burlington, Iowa. The HRA funding is held in trust for the exclusive benefit of the retiree until such time as their allotted funds are exhausted. The City provides neither administrative services nor advice regarding the use of the HRA funding.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(14) LEASES

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current 39.55 monthly rate as adjusted by the Consumer Price Index. Current monthly payments are \$539.55.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$6,389.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$13,688 upon the automatic renewal occurring in October, 2011.

Future minimum lease collections are as follows:

| | |
|------|-----------|
| 2015 | \$ 19,814 |
| 2016 | 19,814 |
| 2017 | 10,178 |

(15) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

| Transfer to | Transfer from | Amount |
|---|---|----------------|
| General | Special Revenue: Road Use Tax | \$ 35,600 |
| | Capital Projects | 100,000 |
| | Enterprise: | |
| | Water | 29,400 |
| | Sewer | 34,600 |
| | Storm Sewer | 35,960 |
| | | <u>235,560</u> |
| Special Revenue: Urban Renewal Tax Increment | Capital Projects | <u>13,162</u> |
| Special Revenue: Police Seizures | Special Revenue: Forfeitures | <u>25,251</u> |
| Debt Service | Special Revenue: Urban Renewal Tax Increment | 225,828 |

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2014

(15) INTERFUND TRANSFERS - CONTINUED

| Transfer to | Transfer from | Amount |
|------------------|------------------|---------------------------|
| | Capital Projects | \$4,000,102 |
| | Enterprise: | |
| | Water | <u>1,654,988</u> |
| | | 5,880,918 |
| Capital Projects | General | 1,179,858 |
| | Enterprise: | |
| | Water | 200,000 |
| | Sewer | 200,000 |
| | Storm Water | <u>600,000</u> |
| | | 2,179,858 |
| Enterprise: | | |
| Sewer | Debt Service | <u>70,000</u> |
| Internal Service | General | 325,000 |
| | Special Revenue: | |
| | Road Use | 92,742 |
| | Enterprise | |
| | Water | 83,468 |
| | Sewer | 92,742 |
| | Storm Water | <u>83,468</u> |
| | | 677,420 |
| Total | | <u><u>\$9,082,169</u></u> |

Transfers generally move resources from the fund required to collect the resources to the fund statutorily required to disburse the resources.

(16) SUBSEQUENT EVENTS

The City also entered into construction contracts of approximately \$1,387,000 for various capital projects.

The City has evaluated all subsequent events through October 14, 2014, the date the financial statements were available to be issued.

(17) PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

Other Information

CITY OF CLIVE

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2014

| | Governmental Funds Actual | Proprietary Funds Actual | Less Funds not Required to be Budgeted and Reclassifications | Total |
|--|---------------------------------|--------------------------------|--|---------------------|
| Receipts: | | | | |
| Property tax | \$11,769,476 | \$ - | \$ - | \$ 11,769,476 |
| Tax increment financing collections | 3,547,495 | - | - | 3,547,495 |
| Other City tax | 2,265,687 | - | - | 2,265,687 |
| Licenses and permits | 669,790 | - | - | 669,790 |
| Use of money and property | 125,353 | - | - | 125,353 |
| Intergovernmental | 1,982,206 | - | - | 1,982,206 |
| Charges for service | 2,806,882 | 8,208,144 | - | 11,015,026 |
| Special assessments | 100,867 | - | - | 100,867 |
| Miscellaneous | 1,053,098 | 384,948 | 171,027 | 1,267,019 |
| Total receipts | 24,320,854 | 8,593,092 | 171,027 | 32,742,919 |
| Disbursements: | | | | |
| Public safety | 6,375,502 | 1,304,194 | 1,304,194 | 6,375,502 |
| Public works | 2,706,423 | 217,267 | 217,267 | 2,706,423 |
| Health and social services | 12,651 | - | - | 12,651 |
| Culture and recreation | 3,320,795 | 120,497 | 120,497 | 3,320,795 |
| Community and economic development | 2,168,255 | - | - | 2,168,255 |
| General government | 2,391,463 | 47,680 | 47,680 | 2,391,463 |
| Debt service | 6,532,672 | - | 8,865 | 6,523,807 |
| Capital projects | 4,996,927 | - | (4,000,102) | 8,997,029 |
| Business type activities | - | 4,624,490 | (1,689,638) | 6,314,128 |
| Total disbursements | 28,504,688 | 6,314,128 | (3,991,237) | 38,810,053 |
| Excess (deficiency) of receipts over (under) disbursements | (4,183,834) | 2,278,964 | 4,162,264 | (6,067,134) |
| Other financing sources (uses), net | (4,304,694) | (1,446,706) | (4,000,102) | (1,751,298) |
| Excess (deficiency) of receipts over (under) disbursements and other financing sources (uses): | (8,488,528) | 832,258 | 162,162 | (7,818,432) |
| Balances beginning of year | 28,571,363 | 7,940,504 | 924,983 | 35,586,884 |
| Balances end of year | <u>\$20,082,835</u> | <u>\$8,772,762</u> | <u>\$1,087,145</u> | <u>\$27,768,452</u> |

See accompanying independent auditor's report.

| Budgeted Amounts | | Final to Total Variance- Positive (Negative) |
|---------------------|---------------------|--|
| Original | Final | |
| \$ 11,708,238 | \$ 11,708,238 | \$ 61,238 |
| 3,533,753 | 3,533,753 | 13,742 |
| 2,244,550 | 2,334,550 | (68,863) |
| 323,093 | 588,093 | 81,697 |
| 148,891 | 154,891 | (29,538) |
| 1,569,297 | 1,616,797 | 365,409 |
| 10,510,884 | 10,543,384 | 471,642 |
| 46,000 | 46,000 | 54,867 |
| 312,000 | 401,000 | 866,019 |
| 30,396,706 | 30,926,706 | 1,816,213 |
| 6,460,322 | 6,620,322 | 244,820 |
| 2,832,689 | 2,857,689 | 151,266 |
| 21,935 | 21,935 | 9,284 |
| 3,260,525 | 3,352,525 | 31,730 |
| 2,122,795 | 2,192,795 | 24,540 |
| 2,495,298 | 2,587,498 | 196,035 |
| 6,448,057 | 6,525,057 | 1,250 |
| 7,758,657 | 11,758,757 | 2,761,728 |
| 4,813,487 | 6,642,487 | 328,359 |
| 36,213,765 | 42,559,065 | 3,749,012 |
| (5,817,059) | (11,632,359) | 5,565,225 |
| 4,930,500 | 4,930,500 | (6,681,798) |
| (886,559) | (6,701,859) | (1,116,573) |
| 41,691,227 | 41,691,227 | (6,104,343) |
| <u>\$40,804,668</u> | <u>\$34,989,368</u> | <u>\$(7,220,916)</u> |

CITY OF CLIVE

Notes To Other Information - Budgetary Reporting

June 30, 2014

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$6,345,300. This budget amendment is reflected in the final budgeted amounts.

Supplementary Information

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2014

| | <u>Special Revenue</u> | | |
|---|-------------------------|------------------------------|--------------------|
| | <u>Road Use Tax</u> | <u>Employee Benefits</u> | <u>Forfeitures</u> |
| Receipts: | | | |
| Property tax | \$ - | \$1,551,766 | \$ - |
| Intergovernmental | 1,542,441 | - | - |
| Miscellaneous | - | 3,135 | - |
| Total receipts | <u>1,542,441</u> | <u>1,554,901</u> | <u>-</u> |
| Disbursements: | | | |
| Operating: | | | |
| Public safety | - | 499,229 | 5,283 |
| Public works | 1,315,387 | 37,020 | - |
| Culture and recreation | - | 173,697 | - |
| Community and economic development | - | 89,398 | - |
| General government | - | 603,859 | - |
| Total disbursements | <u>1,315,387</u> | <u>1,403,203</u> | <u>5,283</u> |
| Excess (deficiency) of receipts over (under) disbursements | 227,054 | 151,698 | (5,283) |
| Other financing sources (uses): | | | |
| Operating transfer in | - | - | - |
| Operating transfers out | (128,342) | - | (25,251) |
| Total other financing sources (uses) | <u>(128,342)</u> | <u>-</u> | <u>(25,251)</u> |
| Change in cash balances | 98,712 | 151,698 | (30,534) |
| Cash balances beginning of year | <u>875,439</u> | <u>418,225</u> | <u>89,830</u> |
| Cash balances end of year | <u>\$ 974,151</u> | <u>\$ 569,923</u> | <u>\$ 59,296</u> |
| Cash Basis Fund Balances | | | |
| Restricted for: | | | |
| Streets | \$ 974,151 | \$ - | \$ - |
| Other purposes | - | 569,923 | 59,296 |
| Total cash basis fund balances | <u>\$ 974,151</u> | <u>\$ 569,923</u> | <u>\$ 59,296</u> |

See accompanying independent auditor's report.

| Police Seizures | Park Donations | Library | Total |
|--------------------|-------------------|----------|--------------|
| \$ - | \$ - | \$ - | \$ 1,551,766 |
| - | - | - | 1,542,441 |
| 481 | 31,665 | 13,523 | 48,804 |
| 481 | 31,665 | 13,523 | 3,143,011 |
| - | - | - | 504,512 |
| - | - | - | 1,352,407 |
| - | - | 10,813 | 184,510 |
| - | - | - | 89,398 |
| - | - | - | 603,859 |
| - | - | 10,813 | 2,734,686 |
| 481 | 31,665 | 2,710 | 408,325 |
| 25,251 | - | - | 25,251 |
| - | - | - | (153,593) |
| 25,251 | - | - | (128,342) |
| 25,732 | 31,665 | 2,710 | 279,983 |
| | 28,767 | 6,425 | 1,418,686 |
| \$ 25,732 | \$ 60,432 | \$ 9,135 | \$ 1,698,669 |
| \$ - | \$ - | \$ - | \$ 974,151 |
| 25,732 | 60,432 | 9,135 | 724,518 |
| \$ 25,732 | \$ 60,432 | \$ 9,135 | \$ 1,698,669 |

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2014

| | Storm Water | Water Utility Deposits | Total |
|--|----------------|------------------------------|-------------|
| Operating receipts: | | | |
| Charges for service | \$ 738,530 | \$ 56,000 | \$ 794,530 |
| Total operating receipts | 738,530 | 56,000 | 794,530 |
| Operating disbursements: | | | |
| Business type activities | 330,016 | 33,046 | 363,062 |
| Total operating disbursements | 330,016 | 33,046 | 363,062 |
| Excess of operating receipts over operating disbursements | 408,514 | 22,954 | 431,468 |
| Non-operating receipts: | | | |
| Miscellaneous | 90 | 295 | 385 |
| Total non-operating receipts | 90 | 295 | 385 |
| Excess of receipts over disbursements | 408,604 | 23,249 | 431,853 |
| Transfers: | | | |
| Transfers out | (719,428) | - | (719,428) |
| Change in cash balances | (310,824) | 23,249 | (287,575) |
| Cash balances beginning of year | 1,129,538 | 264,357 | 1,393,895 |
| Cash balances end of year | \$ 818,714 | \$287,606 | \$1,106,320 |
| Cash Basis Fund Balances | | | |
| Restricted | - | 287,606 | 287,606 |
| Unrestricted | 818,714 | - | 818,714 |
| Total cash basis fund balances | \$ 818,714 | \$287,606 | \$1,106,320 |

See accompanying independent auditor's report.

City of Clive

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2014

| | Traffic Improvement & Safety | Fiber Optics | PW Roof and Doors | Flood Alert | Mayor's Bike Ride |
|---|------------------------------------|-----------------|----------------------|------------------|-------------------------|
| Receipts: | | | | | |
| Use of money and property | \$ 326 | \$ - | \$ - | \$ 40 | \$ - |
| Intergovernmental | 30,212 | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Miscellaneous | - | - | 6,426 | - | 2,825 |
| Total receipts | 30,538 | - | 6,426 | 40 | 2,825 |
| Disbursements: | 55,506 | - | 292,005 | - | - |
| Excess (deficiency) of receipts over (under) disbursements | (24,968) | - | (285,579) | 40 | 2,825 |
| Other financing sources (uses): | | | | | |
| Bond proceeds | 300,000 | - | - | - | - |
| Operating transfers in | 3,497 | - | 500,000 | - | - |
| Operating transfers out | - | (3,497) | - | - | - |
| Total other financing sources (uses) | 303,497 | (3,497) | 500,000 | - | - |
| Change in cash balances | 278,529 | (3,497) | 214,421 | 40 | 2,825 |
| Cash balances beginning of year | - | 3,497 | 70,207 | 34,000 | 990 |
| Cash balances end of year | <u>\$ 278,529</u> | <u>\$ -</u> | <u>\$ 284,628</u> | <u>\$ 34,040</u> | <u>\$ 3,815</u> |
| Restricted for: | | | | | |
| Streets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | 278,529 | - | 284,628 | 34,040 | 3,815 |
| Unassigned | - | - | - | - | - |
| Total cash basis fund balances | <u>\$ 278,529</u> | <u>\$ -</u> | <u>\$ 284,628</u> | <u>\$ 34,040</u> | <u>\$ 3,815</u> |

See accompanying independent auditor's report.

| Dymond Public Safety | Westcom | West Pet | Aquatic Improvements 2012 | Northern Neighborhood Trail | Aquatics Trail Connect | Campbell Rec Area |
|----------------------------|-------------------|-------------------|---------------------------------|-----------------------------------|------------------------------|-------------------------|
| \$ - | \$ - | \$ 500 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 451 | 3,969 | - | - | - |
| - | - | 951 | 3,969 | - | - | - |
| - | 208,885 | 12,973 | 44,930 | - | - | - |
| - | (208,885) | (12,022) | (40,961) | - | - | - |
| - | - | 420,000 | - | - | - | - |
| - | - | - | 34,960 | - | 71,270 | - |
| - | - | - | - | - | - | (90,685) |
| - | - | 420,000 | 34,960 | - | 71,270 | (90,685) |
| - | (208,885) | 407,978 | (6,001) | - | 71,270 | (90,685) |
| (87,672) | 527,091 | 19,934 | 6,001 | 60,313 | (71,270) | 90,685 |
| <u>\$(87,672)</u> | <u>\$ 318,206</u> | <u>\$ 427,912</u> | <u>\$ -</u> | <u>\$ 60,313</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 318,206 | 427,912 | - | 60,313 | - | - |
| (87,672) | - | - | - | - | - | - |
| <u>\$ (87,672)</u> | <u>\$ 318,206</u> | <u>\$ 427,912</u> | <u>\$ -</u> | <u>\$ 60,313</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2014

| | North Neighborhood Park Land | Trail Paving | Sign Program | Flags | Town Center |
|---|------------------------------------|-----------------|-----------------|---------|----------------|
| Receipts: | | | | | |
| Use of money and property | \$ - | \$ 409 | \$ 76 | \$ - | \$ - |
| Intergovernmental | 250,000 | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Miscellaneous | - | 2,799 | - | 500 | - |
| Total receipts | 250,000 | 3,208 | 76 | 500 | - |
| Disbursements: | 322,937 | - | 5,500 | 1,800 | 163,861 |
| Excess (deficiency) of receipts over (under) disbursements | (72,937) | 3,208 | (5,424) | (1,300) | (163,861) |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | 320,000 | 70,000 | - | - |
| Operating transfers in | - | - | - | - | 200,000 |
| Operating transfers out | - | (15,545) | - | - | - |
| Total other financing sources (uses) | - | 304,455 | 70,000 | - | 200,000 |
| Change in cash balances | (72,937) | 307,663 | 64,576 | (1,300) | 36,139 |
| Cash balances beginning of year | 149,511 | 42,433 | - | 1,347 | 12,363 |
| Cash balances end of year | \$ 76,574 | \$ 350,096 | \$ 64,576 | \$ 47 | \$ 48,502 |
| Restricted for: | | | | | |
| Streets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | 76,574 | 350,096 | 64,576 | 47 | 48,502 |
| Unassigned | - | - | - | - | - |
| Total cash basis fund balances | \$ 76,574 | \$ 350,096 | \$ 64,576 | \$ 47 | \$ 48,502 |

See accompanying independent auditor's report.

| New Library | East Water Tower Paint | Indian Hills Storm Water | Wetlands Mitigation- Cownie | Reg Storm W | Sewer Rehab | Radio Read Meter System |
|----------------|------------------------------|--------------------------------|-----------------------------------|----------------|----------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 470 | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 11,204 | - | - | 9,578 | - | - |
| - | 11,204 | - | - | 10,048 | - | - |
| - | 231,217 | - | 3,107 | 108,775 | 76,505 | 163,295 |
| - | (220,013) | - | (3,107) | (98,727) | (76,505) | (163,295) |
| - | - | - | - | - | - | - |
| - | - | - | - | 250,000 | 120,000 | 170,000 |
| (23,449) | - | - | - | - | - | - |
| (23,449) | - | - | - | 250,000 | 120,000 | 170,000 |
| (23,449) | (220,013) | - | (3,107) | 151,273 | 43,495 | 6,705 |
| 23,449 | 327,818 | 40,000 | 64,498 | 250,886 | 75,251 | (1,225) |
| \$ - | \$ 107,805 | \$ 40,000 | \$ 61,391 | \$ 402,159 | \$ 118,746 | \$ 5,480 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 107,805 | 40,000 | 61,391 | 402,159 | 118,746 | 5,480 |
| - | - | - | - | - | - | - |
| \$ - | \$ 107,805 | \$ 40,000 | \$ 61,391 | \$ 402,159 | \$ 118,746 | \$ 5,480 |

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2014

| | Sewer Cntrl Plant | Water Infrastructure | Walnut Creek Sewer Ext | Sewer Infrastructure Improvement | 100 th Pl/ 103 rd St Reconstruction |
|---|-------------------------|-------------------------|------------------------------|--|---|
| Receipts: | | | | | |
| Use of money and property | \$ 3,144 | \$ 292 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Miscellaneous | 192,382 | 12,593 | 5,693 | - | - |
| Total receipts | 195,526 | 12,885 | 5,693 | - | - |
| Disbursements: | - | 33,069 | 271,282 | - | 419,855 |
| Excess (deficiency) of receipts over (under) disbursements | 195,526 | (20,184) | (265,589) | - | (419,855) |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | - | - | - | - |
| Operating transfers in | - | 150,000 | - | 20,000 | 350,000 |
| Operating transfers out | - | - | - | (60,000) | - |
| Total other financing sources (uses) | - | 150,000 | - | (40,000) | 350,000 |
| Change in cash balances | 195,526 | 129,816 | (265,589) | (40,000) | (69,855) |
| Cash balances beginning of year | 2,493,416 | 119,896 | 74,334 | 100,000 | - |
| Cash balances end of year | <u>\$2,688,942</u> | <u>\$ 249,712</u> | <u>\$(191,255)</u> | <u>\$ 60,000</u> | <u>\$(69,855)</u> |
| Restricted for: | | | | | |
| Streets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | 2,688,942 | 249,712 | - | 60,000 | - |
| Unassigned | - | - | (191,255) | - | (69,855) |
| Total cash basis fund balances | <u>\$2,688,942</u> | <u>\$ 249,712</u> | <u>\$(191,255)</u> | <u>\$ 60,000</u> | <u>\$(69,855)</u> |

See accompanying independent auditor's report.

| Northern Neighborhood Improvements | Hickman I-35/80 Int | Douglas Avenue | NW 142 nd Pave | Woodlands Parkway Pave | Berkshire Street Lights | NW 142 nd / Hick Pave/ Storm |
|--|---------------------------|-------------------|------------------------------|------------------------------|-------------------------------|---|
| \$ 680 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | 9,425 |
| - | - | - | - | - | - | - |
| 88,918 | - | - | - | 165,484 | 78,812 | - |
| 89,598 | - | - | - | 165,484 | 78,812 | 9,425 |
| 31,924 | - | - | 13,293 | 40,700 | - | 33,681 |
| 57,674 | - | - | (13,293) | 124,784 | 78,812 | (24,256) |
| - | - | - | - | - | - | - |
| 4,256 | - | - | - | - | - | - |
| - | - | - | - | - | - | (234) |
| 4,256 | - | - | - | - | - | (234) |
| 61,930 | - | - | (13,293) | 124,784 | 78,812 | (24,490) |
| 519,596 | 65,014 | 632,334 | - | 33,303 | 120,836 | 32,978 |
| <u>\$ 581,526</u> | <u>\$ 65,014</u> | <u>\$ 632,334</u> | <u>\$ (13,293)</u> | <u>\$ 158,087</u> | <u>\$ 199,648</u> | <u>\$ 8,488</u> |
| \$ 581,526 | \$ 65,014 | \$ 632,334 | \$ - | \$ 158,087 | \$ - | \$ 8,488 |
| - | - | - | - | - | 199,648 | - |
| - | - | - | (13,293) | - | - | - |
| <u>\$ 581,526</u> | <u>\$ 65,014</u> | <u>\$ 632,334</u> | <u>\$ (13,293)</u> | <u>\$ 158,087</u> | <u>\$ 199,648</u> | <u>\$ 8,488</u> |

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2014

| | Hickman Road Shoulder | 111 th & Hickman Intersection | Univ Ave Wide @ I-35 | Caffrey's 86 th Street | NW 86 th Revitalization |
|---|-----------------------------|--|----------------------------|---|---------------------------------------|
| Receipts: | | | | | |
| Use of money and property | \$ - | \$ - | \$ - | \$ - | \$ 13,693 |
| Intergovernmental | 937 | - | - | - | 43,498 |
| Special assessments | - | - | - | - | - |
| Miscellaneous | - | - | - | - | 133,666 |
| Total receipts | 937 | - | - | - | 190,857 |
| Disbursements: | 1,171 | - | - | - | 852,420 |
| Excess (deficiency) of receipts over (under) disbursements | (234) | - | - | - | (661,563) |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | - | - | - | - |
| Operating transfers in | 234 | - | 250,000 | - | 1,856 |
| Operating transfers out | - | - | (250,000) | (1,856) | (6,700,102) |
| Total other financing sources (uses) | 234 | - | - | (1,856) | (6,698,246) |
| Change in cash balances | - | - | - | (1,856) | (7,359,809) |
| Cash balances beginning of year | - | 227,516 | - | 1,856 | 7,655,187 |
| Cash balances end of year | \$ - | \$ 227,516 | \$ - | \$ - | \$ 295,378 |
| Restricted for: | | | | | |
| Streets | \$ - | \$ 227,516 | \$ - | \$ - | \$ 295,378 |
| Other purposes | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total cash basis fund balances | \$ - | \$ 227,516 | \$ - | \$ - | \$ 295,378 |

See accompanying independent auditor's report.

| Franchise Street PJ | Campus Dr/ Mercy Prop | Comprehensive Plan | IT Capital Replacement | Municipal Centre | Information System | Development Planning |
|---------------------------|--------------------------|-----------------------|---------------------------|---------------------|-----------------------|-------------------------|
| \$ 247 | \$ - | \$ - | \$ - | \$ 4,169 | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,847 |
| 247 | - | - | - | 4,169 | - | 1,847 |
| 1,389,441 | - | 2,554 | 62,291 | 82,345 | 44,525 | - |
| (1,389,194) | - | (2,554) | (62,291) | (78,176) | (44,525) | 1,847 |
| - | - | - | - | - | - | - |
| 1,160,404 | - | - | - | 2,023,449 | - | - |
| (100,000) | - | - | - | - | - | - |
| 1,060,404 | - | - | - | 2,023,449 | - | - |
| (328,790) | - | (2,554) | (62,291) | 1,945,273 | (44,525) | 1,847 |
| 134,959 | 43,254 | 100,899 | 64,758 | 88,239 | 51,249 | 10,776 |
| <u>\$(193,831)</u> | <u>\$ 43,254</u> | <u>\$ 98,345</u> | <u>\$ 2,467</u> | <u>\$2,033,512</u> | <u>\$ 6,724</u> | <u>\$ 12,623</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 43,254 | 98,345 | 2,467 | 2,033,512 | 6,724 | 12,623 |
| (193,831) | - | - | - | - | - | - |
| <u>\$(193,831)</u> | <u>\$ 43,254</u> | <u>\$ 98,345</u> | <u>\$ 2,467</u> | <u>\$2,033,512</u> | <u>\$ 6,724</u> | <u>\$ 12,623</u> |

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2014

| | Public Art- Trail | Woodlands Art | University Avenue Signals | 128 th Assessments | University Boulevard Ph I, II, & III |
|---|-------------------------|------------------|---------------------------------|----------------------------------|--|
| Receipts: | | | | | |
| Use of money and property | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - |
| Special assessments | - | - | - | 8,369 | 92,498 |
| Miscellaneous | 11,500 | 35,000 | - | - | - |
| Total receipts | 11,500 | 35,000 | - | 8,369 | 92,498 |
| Disbursements: | 20,044 | 7,036 | - | - | - |
| Excess (deficiency) of receipts over (under) disbursements | (8,544) | 27,964 | - | 8,369 | 92,498 |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | - | - | - | - |
| Operating transfers in | 651 | 14,547 | - | - | - |
| Operating transfers out | - | - | - | - | (13,162) |
| Total other financing sources (uses) | 651 | 14,547 | - | - | (13,162) |
| Change in cash balances | (7,893) | 42,511 | - | 8,369 | 79,336 |
| Cash balances beginning of year | 21,568 | 6,098 | 8,256 | 9,342 | 43,641 |
| Cash balances end of year | <u>\$ 13,675</u> | <u>\$ 48,609</u> | <u>\$ 8,256</u> | <u>\$ 17,711</u> | <u>\$ 122,977</u> |
| Restricted for: | | | | | |
| Streets | \$ - | \$ - | \$ - | \$ 17,711 | \$ 122,977 |
| Other purposes | 13,675 | 48,609 | 8,256 | - | - |
| Unassigned | - | - | - | - | - |
| Total cash basis fund balances | <u>\$ 13,675</u> | <u>\$ 48,609</u> | <u>\$ 8,256</u> | <u>\$ 17,711</u> | <u>\$ 122,977</u> |

See accompanying independent auditor's report.

| 156 th St Paving | Walnut Creek Eros | Intrafund Transfers Elimination | Total |
|--------------------------------|-------------------------|---------------------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ 24,046 |
| - | - | - | 334,072 |
| - | - | - | 100,867 |
| - | - | - | 763,647 |
| - | - | - | 1,222,632 |
| - | - | - | 4,996,927 |
| - | - | - | (3,774,295) |
| - | - | - | 1,110,000 |
| - | - | (3,145,266) | 2,179,858 |
| - | - | 3,145,266 | (4,113,264) |
| - | - | - | (823,406) |
| - | - | - | (4,597,701) |
| 366 | 37,538 | - | 14,337,316 |
| <u>\$ 366</u> | <u>\$ 37,538</u> | <u>\$ -</u> | <u>\$ 9,739,615</u> |
| \$ 366 | \$ - | \$ - | \$ 2,109,397 |
| - | 37,538 | - | 8,186,124 |
| - | - | - | (555,906) |
| <u>\$ 366</u> | <u>\$ 37,538</u> | <u>\$ -</u> | <u>\$ 9,739,615</u> |

CITY OF CLIVE

Schedule of Indebtedness

Year ended June 30, 2014

| Obligation | Date of Issue | Interest Rates | Amount Originally Issued |
|-----------------------------------|---------------|----------------|--------------------------|
| General Obligation Bonds: | | | |
| Essential corporate purpose | Aug 1, 2005 | 4.00% | \$14,255,000 |
| Essential corporate purpose | Dec 19, 2006 | 3.75 - 3.90% | 1,235,000 |
| Refunding | Mar 4, 2008 | 3.00% | 2,685,000 |
| Urban renewal | Jun 2, 2008 | 3.50 - 3.85% | 7,200,000 |
| Essential corporate purpose | Dec 10, 2009 | 3.00 - 4.10% | 2,715,000 |
| Urban renewal | Dec 10, 2009 | 2.50 - 3.00% | 9,125,000 |
| Refunding | Dec 27, 2010 | 1.55 - 3.50% | 5,520,000 |
| Essential corporate purpose | May 18, 2011 | 2.00 - 3.375% | 2,210,000 |
| Refunding | Mar 1, 2012 | 2.00 - 2.375% | 8,730,000 |
| Emergency Communications Facility | May 15, 2012 | 2.00 - 3.00% | 1,240,000 |
| Refunding | May 15, 2012 | 1.50 - 2.50% | 7,760,000 |
| Essential corporate purpose | Oct 31, 2013 | 2.00 - 3.05% | 1,970,000 |
| Capital Lease: | | | |
| Metro Waste Authority | Jun 10, 2008 | 0.0% | \$ 66,270 |

(1) \$4,000,101 being held in escrow to recall \$4,105,000 of the bonds on June 1, 2017

See accompanying independent auditor's report.

| Balance Beginning of Year | Issued During Year | Redeemed During Year | Balance End of Year | Interest Paid |
|---------------------------------|--------------------------|----------------------------|---------------------------|------------------|
| \$ 8,735,000 | \$ - | \$ 8,735,000 | \$ - | \$ 353,888 |
| 565,000 | - | 130,000 | 435,000 | 21,485 |
| 395,000 | - | 395,000 | - | 11,850 |
| 5,620,000 | - | 710,000 | 4,910,000 | 203,097 |
| 2,125,000 | - | 145,000 | 1,980,000 | 74,104 |
| 7,710,000 | - | 755,000 | 6,955,000 (1) | 236,660 |
| 4,645,000 | - | 515,000 | 4,130,000 | 111,902 |
| 2,010,000 | - | 130,000 | 1,880,000 | 59,094 |
| 8,730,000 | - | 1,175,000 | 7,555,000 | 177,075 |
| 1,190,000 | - | 100,000 | 1,090,000 | 30,025 |
| 7,760,000 | - | - | 7,760,000 | 152,975 |
| - | 1,970,000 | - | 1,970,000 | 27,058 |
| \$49,485,000 | \$ 1,970,000 | \$12,790,000 | \$38,665,000 | \$1,459,213 |
| \$ 13,254 | \$ - | \$ 13,254 | \$ - | \$ - |

CITY OF CLIVE

Bond Maturities

June 30, 2014

| Year Ending June 30, | Essential Corporate Purpose | | Urban Renewal Corporate Purpose | | Essential Corporate Purpose 2008A | | Urban Renewal Corporate Purpose 2009B | |
|----------------------------|--------------------------------|-------------------|------------------------------------|---------------------|--------------------------------------|---------------------|--|---------------------|
| | Issued December 19, 2006 | | Issued June 2, 2008 | | Issued December 10, 2009 | | Issued December 10, 2009 | |
| | Interest Rates | Amount | Interest Rates | Amount | Interest Rates | Amount | Interest Rate | Amount |
| 2015 | 3.75% | \$ 140,000 | 3.50% | \$ 735,000 | 3.00% | \$ 150,000 | 2.50% | \$ 775,000 |
| 2016 | 3.80 | 145,000 | 3.50 | 765,000 | 3.00 | 155,000 | 3.00 | 795,000 |
| 2017 | 3.90 | 150,000 | 3.50 | 800,000 | 3.00 | 160,000 | 3.00 | 4,925,000 |
| 2018 | - | - | 3.625 | 830,000 | 3.125 | 165,000 | 3.00 | 460,000 |
| 2019 | - | - | 3.75 | 870,000 | 3.35 | 170,000 | - | - |
| 2020 | - | - | 3.85 | 910,000 | 3.50 | 175,000 | - | - |
| 2021 | - | - | - | - | 3.65 | 185,000 | - | - |
| 2022 | - | - | - | - | 3.75 | 190,000 | - | - |
| 2023 | - | - | - | - | 3.875 | 200,000 | - | - |
| 2024 | - | - | - | - | 4.00 | 210,000 | - | - |
| 2025 | - | - | - | - | 4.10 | 220,000 | - | - |
| 2026 | - | - | - | - | - | - | - | - |
| 2027 | - | - | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - | - | - |
| Total | | <u>\$ 435,000</u> | | <u>\$ 4,910,000</u> | | <u>\$ 1,980,000</u> | | <u>\$ 6,955,000</u> |

See accompanying independent auditor's report.

General Obligation Bonds

| Refunding | | Essential Corporate Purpose | | Refunding | | Emergency Communications Facility | |
|--------------------------|---------------------|--------------------------------|---------------------|----------------------|---------------------|--------------------------------------|---------------------|
| Issued December 27, 2010 | | Issued May 18, 2011 | | Issued March 1, 2012 | | Issued May 15, 2012 | |
| Interest Rates | Amount | Interest Rates | Amount | Interest Rates | Amount | Interest Rates | Amount |
| 1.55% | \$ 520,000 | 2.00% | \$ 130,000 | 2.00% | \$ 1,210,000 | 2.00% | \$ 100,000 |
| 1.85 | 530,000 | 3.00 | 135,000 | 2.00 | 1,220,000 | 2.00 | 105,000 |
| 2.20 | 545,000 | 3.00 | 140,000 | 2.00 | 1,155,000 | 2.00 | 105,000 |
| 2.50 | 555,000 | 3.00 | 140,000 | 2.00 | 935,000 | 2.00 | 105,000 |
| 2.80 | 575,000 | 3.00 | 145,000 | 2.00 | 735,000 | 2.50 | 105,000 |
| 3.10 | 585,000 | 3.00 | 150,000 | 2.00 | 750,000 | 3.00 | 110,000 |
| 3.30 | 600,000 | 3.00 | 155,000 | 2.00 | 375,000 | 3.00 | 110,000 |
| 3.50 | 220,000 | 3.00 | 165,000 | 2.00 | 385,000 | 3.00 | 115,000 |
| - | - | 3.00 | 170,000 | 2.25 | 390,000 | 3.00 | 115,000 |
| - | - | 3.125 | 175,000 | 2.375 | 400,000 | 3.00 | 120,000 |
| - | - | 3.250 | 185,000 | - | - | - | - |
| - | - | 3.375 | 190,000 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| | <u>\$ 4,130,000</u> | | <u>\$ 1,880,000</u> | | <u>\$ 7,555,000</u> | | <u>\$ 1,090,000</u> |

CITY OF CLIVE

Bond Maturities

June 30, 2014

| General Obligation Bonds | | | | | |
|----------------------------|-------------------------|--------------|-------------------|--------------|---------------|
| Year Ending June 30, | Refunding | | Essential | | |
| | Issued May 15, 2012 | | Corporate Purpose | | |
| | Issued October 31, 2013 | | | | |
| Interest | Interest | | | | |
| Rates | Amount | Rates | Amount | | Total |
| 2015 | 1.50% | \$ 1,240,000 | 2.00% | \$ 110,000 | \$ 5,110,000 |
| 2016 | 1.50 | 1,255,000 | 2.00 | 100,000 | 5,205,000 |
| 2017 | 1.75 | 1,280,000 | 2.00 | 100,000 | 9,360,000 |
| 2018 | 2.00 | 1,295,000 | 2.00 | 135,000 | 4,620,000 |
| 2019 | 2.50 | 1,330,000 | 2.00 | 140,000 | 4,070,000 |
| 2020 | 2.50 | 1,360,000 | 2.00 | 140,000 | 4,180,000 |
| 2021 | - | - | 2.00 | 145,000 | 1,570,000 |
| 2022 | - | - | 2.15 | 145,000 | 1,220,000 |
| 2023 | - | - | 2.30 | 150,000 | 1,025,000 |
| 2024 | - | - | 2.45 | 155,000 | 1,060,000 |
| 2025 | - | - | 2.60 | 155,000 | 560,000 |
| 2026 | - | - | 2.75 | 160,000 | 350,000 |
| 2027 | - | - | 2.90 | 165,000 | 165,000 |
| 2028 | - | - | 3.05 | 170,000 | 170,000 |
| Total | | \$ 7,760,000 | | \$ 1,970,000 | \$ 38,665,000 |

See accompanying independent auditor's report.

City of Clive

CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds

For the Last Ten Years

| | Years ended June 30, | | | | |
|------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Receipts: | | | | | |
| Property and other City tax | \$14,035,163 | \$13,717,154 | \$12,800,728 | \$11,729,835 | \$11,428,288 |
| Tax increment financing | 3,547,495 | 3,859,704 | 4,391,736 | 4,195,356 | 3,735,968 |
| Licenses and permits | 669,790 | 490,893 | 326,452 | 335,573 | 332,609 |
| Use of money and property | 125,353 | 134,293 | 102,529 | 166,183 | 222,316 |
| Intergovernmental | 1,982,206 | 2,297,966 | 2,670,845 | 3,392,709 | 3,545,909 |
| Charges for service | 2,806,882 | 2,715,948 | 2,787,170 | 2,438,831 | 2,031,004 |
| Special assessments | 100,867 | 60,451 | 164,390 | 113,663 | 19,503 |
| Miscellaneous | 1,053,098 | 789,081 | 509,483 | 523,453 | 416,135 |
| Total | <u>\$24,320,854</u> | <u>\$24,065,490</u> | <u>\$23,753,333</u> | <u>\$22,895,603</u> | <u>\$21,731,732</u> |
| Disbursements: | | | | | |
| Operating: | | | | | |
| Public safety | \$ 6,375,502 | \$ 6,123,317 | \$ 6,155,243 | \$ 6,241,338 | \$ 5,331,379 |
| Public works | 2,706,423 | 2,691,353 | 2,871,362 | 2,821,650 | 2,658,596 |
| Health and social services | 12,651 | 8,835 | 6,897 | 14,088 | 15,129 |
| Culture and recreation | 3,320,795 | 3,245,002 | 3,495,095 | 3,344,056 | 3,231,043 |
| Community and economic development | 2,168,255 | 2,781,563 | 2,995,686 | 2,597,979 | 2,545,738 |
| General government | 2,391,463 | 2,257,781 | 2,204,276 | 2,026,281 | 2,020,197 |
| Debt service | 6,532,672 | 6,600,455 | 6,013,638 | 5,894,802 | 5,354,770 |
| Capital projects | 4,996,927 | 5,185,510 | 4,218,236 | 6,278,543 | 7,080,585 |
| Total | <u>\$28,504,688</u> | <u>\$28,893,816</u> | <u>\$27,960,433</u> | <u>\$29,218,737</u> | <u>\$28,237,437</u> |

See accompanying independent auditor's report.

| 2009 | 2008 | 2007 | 2006 | 2005 |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$10,901,114 | \$10,134,801 | \$ 9,444,344 | \$ 8,718,445 | \$ 8,512,617 |
| 3,352,396 | 2,983,901 | 3,453,154 | 3,274,847 | 2,693,206 |
| 386,665 | 642,007 | 701,116 | 666,935 | 452,787 |
| 299,494 | 888,704 | 1,437,986 | 846,498 | 370,451 |
| 1,735,198 | 1,970,336 | 1,580,906 | 1,497,564 | 4,709,376 |
| 2,006,195 | 1,838,629 | 1,810,794 | 1,864,912 | 1,442,860 |
| 17,218 | 24,130 | 85,247 | 540,605 | 137,366 |
| 518,824 | 477,432 | 558,247 | 1,135,221 | 327,805 |
| <u>\$19,217,104</u> | <u>\$18,959,940</u> | <u>\$19,071,794</u> | <u>\$18,545,027</u> | <u>\$18,646,468</u> |
| | | | | |
| \$ 5,179,087 | \$ 5,041,841 | \$ 4,932,578 | \$ 4,502,577 | \$ 4,245,956 |
| 2,357,353 | 2,183,794 | 2,122,473 | 1,886,408 | 1,707,988 |
| 13,422 | 6,488 | 6,088 | 17,584 | 25,369 |
| 3,383,011 | 2,973,047 | 2,997,471 | 2,740,642 | 2,606,883 |
| | | | | |
| 2,760,221 | 2,607,552 | 3,304,955 | 3,130,035 | 5,141,749 |
| 2,071,307 | 2,011,843 | 1,706,232 | 1,681,614 | 1,593,672 |
| 4,785,709 | 7,343,549 | 3,597,458 | 2,482,859 | 2,175,511 |
| 4,976,673 | 6,667,267 | 7,310,584 | 2,758,290 | 6,554,904 |
| <u>\$25,526,783</u> | <u>\$28,835,381</u> | <u>\$25,977,839</u> | <u>\$19,200,009</u> | <u>\$24,052,032</u> |

City of Clive



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the primary government of the City of Clive, Iowa as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 14, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clive's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Clive's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clive's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings, we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Clive's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Clive's Responses to Findings

The City of Clive's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Clive's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clive during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
October 14, 2014

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting is disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF CLIVE

Schedule of Findings - Continued

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

II-A-14 Transfers - A material transfer from the City's General Fund to a Capital Project Fund approved by the council was inadvertently posted twice to the accounting records. This resulted in the unadjusted books and records reflecting incorrect ending balances in the General and Capital Project funds. However, the total fund balance of all funds of the City was not affected.

Recommendation - We recommend that procedures be put into place for the City to insure that duplicate postings of transfers do not result.

Response - The City has corrected the books and records to remove the duplication and will establish procedures to prevent it from reoccurring.

Conclusion - Response accepted.

CITY OF CLIVE

Schedule of Findings - Continued

Year ended June 30, 2014

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-14 Certified Budget - Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- III-B-14 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-14 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-14 Business Transactions - No business transactions between the City and City officials or employees were noted.
- III-E-14 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-14 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-H-14 Urban Renewal Report - The Urban Renewal Annual Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.